

AGENDA ITEM

MARCH 142 – Board Approval
Of Contracts for Professional
Services and Capital Purchases

Date: February 16, 2010

To: Planning, Program Development and Budget Committee (“PPDB”)
Board of Governors

From: Patti White, Chair PPDB

Re: Contracts for Professional Services and Capital Purchases – Board Approval

BACKGROUND:

During the January 2010 Audit Committee meeting, Board members expressed their desire to have more oversight over the Bar’s contracting policies. This memo will provide the Board with information relating to the Bar’s contracted goods and services and will recommend changes to the procurement policy to provide the Board with greater oversight ability.

DISCUSSION:

Each year, the Bar enters into approximately 1,100 contracts for the provision of goods and services. The vast majority of these contracts are in support of the routine operations of the Bar such as Bar exam site agreements, graders and proctors; Sections meeting site agreements, IOLTA and Equal Access grant distributions, building maintenance and janitorial needs; printing and mailing costs; temporary employment contracts; computer maintenance and license agreements; insurance; and auditing and actuarial services.

The Board has recently been made aware of professional consulting contracts that are outside the normal operations of the Bar and have significant costs. These include contracts for long term temporary employees and consultants for software development. Additionally, the Bar has undertaken several technology projects that are funded by the \$10 dedicated fee from member dues. These contracts have been significant in amount and were not reported to or approved by the Board.

RECOMMENDATION

As currently written, the Bar’s contracting policy states:

“Except in emergencies involving contracts under \$75,000, no contract may be entered into, by or on behalf of the State Bar unless authorized by the Board of Governors. Approval of a budget or agenda item by the Board will constitute authority to execute contract(s) contemplated by or required for implementation of the item.”

In order to keep the Board apprised of significant consulting contracts outside the scope of normal operations, I recommend that the Board adopt a new policy wherein all consulting contracts, excluding those associated with the normal operations of the Bar including but not limited to site agreements, Admissions consultants, IOLTA and Equal Access grant distributions, and other routine contracted services exceeding \$75,000 be approved by the Board. Additionally, capital contracts such as improvements to 180 Howard Street and other major purchases of computer equipment and information technology software in excess of \$75,000 also require Board approval.

Examples of consulting service contracts that would require Board approval would include: consultants for computer system development, actuarial studies, auditing contracts, and long term temporary employee contracts.

The language of the Bar's contracting policy could be rewritten to meet the Board's oversight goals while not disrupting the normal operations of the Bar as follows:

“No contracts for consulting services, capital equipment, or technology purchases exceeding \$75,000 may be entered into, by or on behalf of the State Bar unless authorized by the Board of Governors. Any future amendments to a contract originally below the \$75,000 threshold that will result in bringing the total contracted amount to this level will also require Board approval.

Exempted are cases of emergency where a purchase is necessary for the immediate preservation of the public health, welfare or safety, or protection of State Bar employees and property, provided the details justifying the emergency contract and other supporting documentation be reported to and ratified by the Board at its next scheduled meeting.”

Fiscal/Personnel Impact:

None

Board/Administrative Manual Impact:

The fiscal control policies regarding contracting will be revised.

Rules and Regulations Impact:

None

Proposed Committee Resolution:

If the PPDB Committee concurs with the recommendation of the Chair of the Board Planning, Program Development and Budget Committee, adoption of the following resolution would be in order:

RESOLVED, that the State Bar's contracting policy is amended as follows:

"No contracts for consulting services, capital equipment, or technology purchases exceeding \$75,000 may be entered into, by or on behalf of the State Bar unless authorized by the Board of Governors. Any future amendments to a contract originally below the \$75,000 threshold that will result in bringing the total contracted amount to this level will also require Board approval.

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Proposed Board Resolution:

If the Board of Governors concurs with the recommendation of the Board Planning, Program Development and Budget Committee, adoption of the following resolution would be in order:

RESOLVED, that the State Bar's contracting policy is amended as follows:

"No contracts for consulting services, capital equipment, or technology purchases exceeding \$75,000 may be entered into, by or on behalf of the State Bar unless authorized by the Board of Governors. Any future amendments to a contract originally below the \$75,000 threshold that will result in bringing the total contracted amount to this level will also require Board approval.

Also exempted are cases of emergency where a purchase is necessary for the immediate preservation of the public health, welfare or safety, or protection of State Bar employees and property, provided the details justifying the emergency contract and other supporting documentation be reported to and ratified by the Board at its next scheduled meeting."